



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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August 9, 1996

TO: Minerals File

FROM: Tom Munson, Reclamation Hydrologist 

RE: Meeting Notes, Western States Minerals Corporation, Drum Mine, M/027/007,
Millard County, Utah

Date of Meeting: Tuesday, 8/6/96
Time of Meeting: 1:30 PM-2:30 PM


Participants: Lee Foreman, Al Cerny, John Carmody, and Mike Keller, Western States Minerals Corporation; Tom Mitchell, Wayne Hedberg, Tom Munson, and Lowell Braxton, DOGM

Purpose: To Discuss Bonding and the Reclamation Responsibilities for the Drum Mine.

On Tuesday, August 6, 1996, a meeting was held in the Department of Natural Resources, Attorney General's office between Division staff and counsel, Western States Minerals Corporation (WSMC) representatives and their legal counsel. Western States had requested the meeting to discuss possible options to convince Jumbo Mining Company (JMC) to assume full reclamation and bonding responsibility for the Drum Mine. This would allow WSMC to have their reclamation bond reduced or released. Mr. Lee Foreman, attorney for WSMC, had sent a June 14, 1996 letter to the Division demanding that we transfer the remaining portion of the Drum Mine permit to JMC/Asoma and release WSMC's reclamation bond. His letter indicated if we failed to act within 45 days, WSMC would petition the Board of Oil, Gas and Mining demanding that relief.

Mr. Foreman discussed the status of the ongoing litigation between his client and Mr. Ed King of Jumbo Mining Corporation/Asoma. He stated that WSMC had won their trial in Colorado and had since registered the Colorado decision in Utah. Jumbo Mining Corporation has appealed the Colorado court's decision. Mr. Foreman believed that an appeal decision should be rendered sometime between November 15, 1996 and January 15, 1996. All briefs from both parties have been filed with the Colorado court.

The Division hand delivered to WSMC, a Division file memorandum dated August 6, 1996 describing the details behind a new draft revised reclamation surety estimate for WSMC's portion of the Drum Mine. The new bond estimate totals \$746,000 in year 2001 dollars. The existing reclamation surety is in the amount of \$264,080. This information was intended to support the Division's position for denying WSMC's demand for an immediate reduction of their reclamation



surety. The rationale used to generate the bonding estimate was explained to WSMC. Given the history at this site and its continued status of suspended operations, the Division, in concurrence with the BLM and DWQ, has decided that reclamation of the site would be the best alternative for this site. WSMC was also informed that the Division was prepared to seek a Board Order directing WSMC and JMC to commence immediate reclamation or ultimately a forfeiture of the existing reclamation sureties allowing the Division to perform reclamation of the site.

The meeting ended after WSMC concluded that this new reclamation estimate had significantly changed the intended focus of the meeting. They would have to reconsider their position and the legal options available to them in order to prepare an appropriate response to the Division.

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